



Department  
for Work &  
Pensions



The  
Pensions  
Regulator

# **FRAMEWORK DOCUMENT**

Between

The Pensions Regulator

&

The Department for Work and  
Pensions

**Effective from 28 February 2020**

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## **1.0 Introduction**

This framework document has been drawn up by the Department for Work and Pensions (DWP) in consultation with The Pensions Regulator (the regulator). This document sets out the broad framework within which the regulator will operate. The document does not convey any legal powers or responsibilities. It is signed and dated by DWP and the regulator. Copies of the document and any subsequent amendments have been placed in the Libraries of both Houses of Parliament and made available to members of the public on the regulator's website.

### **Purpose of the regulator**

1.1 The regulator was established by the Pensions Act 2004, in order to support the strategic aims of the Department for Work and Pensions. Its main purpose is to regulate work-based pension schemes and to support employers in complying with their automatic enrolment duties in relation to those schemes. The regulator's objectives are to:

- protect the benefits of members of occupational pension schemes;
- protect the benefits of members of personal pension schemes where direct payments are in place;
- reduce the risk of situations arising which may lead to compensation being payable from the Pension Protection Fund;
- minimise any adverse impact on the sustainable growth of an employer (relates to Defined Benefit funding only);
- maximise employer compliance with employer duties and the employment safeguards; and
- promote and improve understanding of good administration of work-based pension schemes.

1.2 The regulator has a range of functions directed by these objectives which include powers to:

- provide information, education and assistance;
- collect information about pension schemes;
- issue notices, directions and penalties;
- process applications;
- collect levy payments.

## **2.0 Governance and accountability**

2.1 The regulator was established as a corporate body under Part 1 of the Pensions Act 2004. The regulator's role in respect of employer compliance was established in Part 1 of the Pensions Act 2008. Its role in respect of public service schemes was set out in the Public Service Pensions Act 2013.

2.2 The regulator is an independent statutory body and is not subject to external direction in the exercise of its regulatory functions other than by the Courts.

### **3.0 Ministerial responsibility**

3.1 The Secretary of State, or the Minister for Pensions DWP, will account for business in Parliament.

### **4.0 DWP Accounting Officer's specific accountabilities and responsibilities**

4.1 The Permanent Secretary in his role as Principal Accounting Officer (PAO) of DWP has designated the Chief Executive as the regulator's Accounting Officer. (The respective responsibilities of the PAO and Accounting Officer for ALBs are set out in Chapter 3 of *Managing Public Money* which is sent separately to the Accounting Officer on appointment.)

The PAO is accountable to Parliament for the issue of any grant-in-aid to the regulator. The PAO is also responsible for advising the responsible minister:

- on an appropriate framework of objectives and targets for the regulator in the light of DWP's wider strategic aims and the regulator's statutory functions and objectives;
- on an appropriate budget for the regulator in the light of DWP's overall public expenditure priorities; and
- how well the regulator is achieving its strategic objectives and whether it is delivering value for money.

4.2 The PAO is also responsible for ensuring arrangements are in place in order to:

- monitor the regulator's activities;
- address significant problems in the regulator, making such interventions as are judged necessary;
- periodically carry out an assessment of the risks both to DWP and the regulator's objectives and activities;
- inform the regulator of relevant government policy in a timely manner;
- ensure the regulator is kept up to date with DWP's wider strategic aims and priorities; and
- bring concerns about the activities of the regulator to the full Board and as appropriate to the Departmental Board if appropriate requiring explanations and assurances that appropriate action has been taken.

4.3 The Partnership Team is the primary contact for the regulator within DWP. They are the main source of advice to the responsible minister on the discharge of his or her responsibilities in respect of the regulator. They also support the PAO on his or her responsibilities towards the regulator.

### **5.0 Responsibilities of the regulator's Chief Executive as Accounting Officer**

#### *General*

5.1 The Chief Executive as Accounting Officer is personally responsible for safeguarding the public funds for which he or she has charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the regulator. In addition, he or she should ensure that the regulator as a whole is run on the basis of the standards,

in terms of governance, decision-making and financial management that are set out in Box 3.1 to *Managing Public Money*.

#### *Responsibilities for accounting to Parliament*

5.2 The accountabilities include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State;
- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts;
- ensuring that effective procedures for handling complaints about the regulator are established and made widely known within the regulator;
- acting in accordance with the terms of this document, *Managing Public Money* and other instructions and guidance issued from time to time by the Department, the Treasury and the Cabinet Office;
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on the regulator's stewardship of public funds.

#### *Responsibilities to the DWP*

5.3 Particular responsibilities to the DWP include:

- establishing, in agreement with DWP, the regulator's corporate plan in the light of DWP's wider strategic aims and agreed priorities;
- informing DWP of progress in helping to achieve the Department's policy objectives and in demonstrating how resources are being used to achieve those objectives; and
- ensuring that timely forecasts and monitoring information on performance and finance are provided to DWP; that DWP is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to DWP in a timely fashion.

#### *Responsibilities to the Board*

5.4 The Chief Executive is responsible for:

- advising the Board on the discharge of the regulator's responsibilities as set out in the Pensions Acts 2004 and 2008 and the Public Service Pensions Act 2013, this document, its Corporate Plan and in any other relevant instructions and guidance that may be issued from time to time;
- advising the Board on the regulator's performance compared with its aims and objectives;
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed;
- taking action as set out in paragraphs 3.8.6 of *Managing Public Money* if the Board, or its chairman, is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity or does not represent prudent or economical administration, efficiency or effectiveness, is of questionable feasibility, or is unethical.

## 6.0 The regulator's Board

6.1 The Board should ensure that effective arrangements are in place to provide assurance on risk management, governance and internal control. The Board must set up and maintain an Audit Committee chaired by an independent non-executive member to provide independent advice. The Board is expected to assure itself of the effectiveness of the internal control and risk management systems.

6.2 The Board is specifically responsible for:

- establishing and taking forward the regulator's strategic aims and objectives consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State;
- ensuring that the responsible minister is kept informed of any changes which are likely to impact on the regulator's strategic direction or on the attainability of its targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the Board operates within the limits of its statutory authority and any delegated authority agreed with DWP, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Board takes into account guidance issued by DWP;
- ensuring that the Board receives and reviews regular financial information concerning the management of the regulator and is informed in a timely manner about any concerns about the regulator's activities; and provides positive assurance to DWP that appropriate action has been taken on such concerns;
- demonstrating high standards of corporate governance at all times, including by using the independent audit committee to help the Board to address key financial and other risks;
- appointing, with the responsible minister's approval, a Chief Executive and, in consultation with the Department, setting performance objectives and remuneration terms linked to these objectives for the Chief Executive which give due weight to the proper management and use and utilisation of public resources.

### *The chair's personal responsibilities*

6.3 The chair is responsible to the named minister. Communications between the regulator's Board and the responsible minister should normally be through the chair. He or she is responsible for ensuring that policies and actions support the responsible minister's wider strategic policies and that the regulator's affairs are conducted with probity. Where appropriate, these policies and actions should be clearly communicated and disseminated throughout the regulator.

6.4 In addition, the chair has the following leadership responsibilities:

- leading the Board in formulating strategy;

- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the responsible minister or the Department;
- promoting the efficient and effective use of staff and other resources;
- delivering high standards of regularity and propriety; and
- representing the views of the Board to the general public.

6.5 The chair also has an obligation to ensure that:

- the work of the Board and its members is reviewed and is working effectively;
- the Board has a balance of skills appropriate to directing the regulator's business, as set out in the Government Code of Good Practice on Corporate Governance;
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities;
- he or she, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice;
- the responsible minister is advised of the regulator's needs when Board vacancies arise;
- he or she assesses the performance of individual Board members;
- Board Standing Orders are in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance; and
- there is a code of practice for Board members in place consistent with the Cabinet Office *Code of Conduct for Board Members of Public Bodies*.

#### *Individual Board members' responsibilities*

6.6 Individual Board members should:

- comply at all times with the *Code of Conduct for Board Members* and with the rules relating to the use of public funds and to conflicts of interest;
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations;
- comply with the Board's rules on the acceptance of gifts and hospitality, and of business appointments;
- seek permission from the regulator before dealing in shares or related investments in relevant organisations. unless the transaction is subject to exception in the *Code of Conduct for Board Members*; and act in good faith and in the best interests of the regulator.

## **7.0 Annual report and accounts**

7.1 The regulator must publish an annual report of its activities together with its audited accounts after the end of each financial year. The regulator shall provide the Department with its finalised accounts by a date to be mutually agreed each year in order for the accounts to be consolidated within the DWP's.

7.2 The annual report must:

- comply with relevant legislation;
- cover any corporate, subsidiary or joint ventures under its control;
- comply with the Treasury's Financial Reporting Manual (FReM);
- outline main activities and performance during the previous financial year.

7.3 Information on performance against key financial targets is within the scope of the audit and should be included. The report and accounts shall be laid in Parliament and made available on the regulator's website, in accordance with the guidance in the FReM. The accounts should be prepared in accordance with any relevant statutes and specific accounts direction issued by the Department as well as the FReM.

## 8.0 Internal audit

8.1 The regulator shall:

- establish and maintain arrangements for internal audit in accordance with the Treasury's *Public Sector Internal Audit Standards (PSIAS)* <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>
- set up an Audit Committee in accordance with the Code of Good Practice for Corporate Governance and *the Audit and Risk Assurance Committee Handbook*. The Audit Committee should be chaired by a suitably experienced non-executive board member to provide independent advice and assurance on the effectiveness of the internal control and risk management systems;
- share the audit strategy, periodic audit plans and annual audit report, including the audit opinion on risk management, control and governance with DWP;
- keep records of, and prepare and forward to the Department an annual report on fraud and theft suffered by the regulator and notify DWP of any unusual or major incidents as soon as possible; and
- operate appropriate and effective whistleblowing practices and ensure that whistleblowing is regularly considered by the Audit Committee.

8.2 The internal audit service has a right of access to all documents, including where the service is contracted out.

## 9.0 External audit

9.1 The Comptroller & Auditor General (C&AG) audits the regulator's annual accounts and passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG's report before Parliament.

9.2 The C&AG:

- will consult DWP and the regulator on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG;



- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the regulator;
- will share with DWP information identified during the audit process and the audit report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Department's responsibilities in relation to financial systems within the regulator; and
- will, where asked, provide Departments and other relevant bodies with Regulatory Compliance Reports and other similar reports which Departments may request at the commencement of the audit and which are compatible with the independent auditor's role.

9.3 The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the regulator has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the regulator shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

#### *Right of access*

9.4 The Department has the right of access to all the regulator's records and personnel for any purpose including, for example, sponsorship audits and operational investigations. This does not include access to regulatory casework documents.

## **10.0 Management and financial responsibilities**

*Managing Public Money* and other government-wide corporate guidance and instructions

10.1 Unless agreed by the Department and, as necessary, HM Treasury, the regulator shall follow the principles, rules, guidance and advice in *Managing Public Money*, referring any difficulties or potential bids for exceptions to the Partnership Team in DWP in the first instance. A list of guidance and instructions with which the regulator should comply is in Appendix 1.

10.2 Once the budget has been approved by DWP and subject to any restrictions imposed by the responsible minister's instructions and this document, the regulator shall have authority to incur expenditure approved in the budget without further reference to the DWP, on the following conditions:

- the regulator shall comply with the delegations set out in Appendix 2. These delegations shall not be altered without the prior agreement of DWP;
- the regulator shall comply with *Managing Public Money* regarding novel, contentious or repercussive proposals;
- inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal Departmental or Cabinet Office approval

where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed;

- the regulator shall provide DWP with such information about its operations, performance, individual projects or other expenditure as the Department may reasonably require.

## **11.0 Corporate governance**

### *Board appointments - the chair*

11.1 The regulator's chair is appointed by the Secretary of State who will determine the chair's terms and conditions, including remuneration. The appointment of the Chair will comply with the Commissioner for Public Appointments' *Code of Practice for Ministerial Appointments to Public Bodies*.

### *Board appointments – Board members and the Chief Executive*

11.2 The membership of the regulator is set out Part 1 of and Schedule 1 to the Pensions Act 2004.

## **12.0 Risk Management**

12.1 The regulator shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury Guidance *Management of Risk: Principles and Concepts* <https://www.gov.uk/government/publications/orange-book>

It should adopt and implement policies and practices to safeguard itself against fraud and theft, in line with the Government Counter Fraud Standards (<https://www.gov.uk/government/groups/counter-fraud-standards-and-profession>).

It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter into a contract.

## **13.0 Corporate plan**

13.1 The regulator shall submit annually to the DWP a draft of the corporate plan covering three years ahead. The draft should be submitted by a date agreed with DWP each year. The regulator shall agree the plan with the DWP. The plan shall reflect the regulator's objectives and functions and within those, the priorities set from time to time by the responsible minister (including decisions taken on policy and resources in the light of wider public expenditure decisions).

13.2 The first year of each corporate plan shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Department. Subject to any commercial considerations, the corporate plan should be published by the regulator on its website and be made available to staff.

13.3 The following key matters should be included in the plans:

- key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives;
- key non-financial performance targets;
- a review of performance in the preceding financial year and an estimate of performance in the current year;
- a description of the areas of greatest potential volatility that could affect delivery of the plan and budget outturn; and
- other matters as agreed between DWP and the regulator.

#### **14.0 Budgeting procedures**

14.1 Each year, in the light of decisions by the DWP on the updated draft corporate plan, the Department will send to the regulator a formal statement of the annual budgetary provision.

14.2 The approved annual budget, which will be the first year as set out in the corporate plan, will take account both of approved funding provision and any forecast receipts, and will include a budget of estimated payments and receipts together with a profile of expected expenditure and of draw-down of any Departmental funding and/or other income over the year.

#### **15.0 Grant in aid and any ring fenced grants**

15.1 Any grant-in-aid provided by the Department for the year in question will be voted in the Department's Supply Estimate and be subject to Parliamentary control.

15.2 The grant-in-aid will normally be paid in quarterly instalments on the basis of written applications showing evidence of need. The regulator will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the regulator. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, DWP will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.

15.3 In the event that the DWP provides the regulator separate grants for specific ring fenced purposes, it would issue the grant as and when the regulator needed it on the basis of a written request. The regulator would provide evidence that the grant was used for the purposes authorised by DWP. The regulator shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

#### **16.0 Reporting performance to the Department**

16.1 The regulator shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the corporate plan. The regulator shall inform the DWP of any changes that make achievement of objectives

more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives as agreed. The regulator's performance shall be formally reviewed by the Department quarterly. The responsible minister will meet the chairman once a year.

#### *Providing monitoring information to the Department*

16.2 The regulator shall provide the Department with information that will enable the Department satisfactorily to monitor:

- its cash management;
- its draw-down of grant-in-aid;
- forecast outturn by resource headings;
- other data required for the Online System for Central Accounting and Reporting (OSCAR);
- other data as agreed by DWP and the regulator.

The regulator will provide this information monthly.

#### *The regulator/DWP working level liaison arrangements*

16.3 Officials of the Partnership Team and Finance Business Partners in DWP will liaise regularly with the regulator officials to review the regulator's financial performance against plans, achievement against the regulator targets and the regulator expenditure against funding delegated to the regulator from DWP. The Partnership Team and Finance Business Partners will also take the opportunity to explain wider policy and financial developments that might have an impact on the regulator.

### **17.0 Delegated authorities**

17.1 The regulator's delegated authorities are set out in appendix 2. In addition, along with the annual formal statement of the budget provision, the Partnership Team will issue a statement of the authority delegated to the Chief Executive by the responsible Minister in relation to the Cabinet Office spending controls. The regulator shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the regulator's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in *Managing Public Money*.

## 18.0 The regulator's staff

### *Broad responsibilities for staff*

18.1 Within the arrangements approved by the responsible minister, the regulator will have responsibility for the recruitment, retention and motivation of its staff. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit: there is no discrimination on grounds of gender, marital status, sexual orientation, gender reassignment, race, colour, ethnic or national origin, religion, belief, disability, community background or age;
- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness;
- the performance of its staff at all levels is satisfactorily appraised and the regulator's performance appraisal systems are reviewed from time to time;
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the regulator's objectives;
- proper consultation with staff takes place on key issues affecting them;
- adequate grievance and disciplinary procedures are in place;
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place; and
- a code of conduct for staff is in place based on the Cabinet Office's [Model Code for Staff of Executive Non Departmental Public Bodies](#).

### *Staff costs*

18.2 Subject to its delegated authorities, the regulator shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

### *Pay and conditions of service*

18.3 The regulator's staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structure approved by the DWP, Cabinet Office and the Treasury. This includes the ability to pay market rates within the overall pay bill, pay remit and pay caps.

18.4 Where civil service terms and conditions of service apply to the rates of non-pay allowances paid to staff and to any other party entitled to payment in respect of travel expenses or other allowances, payment shall be made in accordance with the *Civil Service Management Code* except where prior approval has been given by the Department to vary such rates.

18.5 Staff terms and conditions should be available on the staff intranet and should also be available to the DWP together with subsequent amendments.

18.6 The regulator may operate a performance related pay scheme that shall form part of the annual aggregate pay budget approved by the DWP (or the Treasury if applicable).

18.7 The travel expenses of non-executive board members shall be tied to the rates allowed to staff of the regulator. Reasonable actual costs shall be reimbursed.

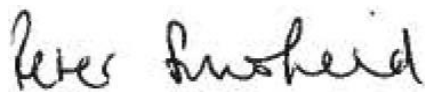
*Pensions, redundancy and compensation*

18.8 The regulator's staff shall normally be eligible for a pension provided by PCSPS.

18.9 Any proposal by the regulator to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Department. Proposals on severance must comply with the rules in chapter 4 of *Managing Public Money*.

**19.0 Review of the regulator's status**

19.1 The regulator will be reviewed every 3 years or in line with any Cabinet Office requirement. The most [recent review](#) took place in 2018 and was published in 2019.



On behalf of the Department for Work and Pensions

28/1/2020

Date



On behalf of the Pensions Regulator

31/01/2020

Date

## APPENDIX 1

### Compliance with government-wide corporate guidance and instructions

TPR shall comply with the following general guidance documents and instructions:

- this document;
- Appropriate adaptations of sections of [Corporate governance in central government departments: code of good practice](#)
- *Code of Practice for Ministerial Appointments to Public Bodies*, [Code of Practice for Ministerial Appointments to Public Bodies](#)
- *Managing Public Money* (MPM);  
<https://www.gov.uk/government/publications/managing-public-money>
- [Public Sector Internal Audit Standards \(PSIAS\)](#)
- Management of Risk: Principles and Concepts:  
<https://www.gov.uk/government/publications/orange-book>
- *Government Counter Fraud Standards* <https://www.gov.uk/government/groups/counter-fraud-standards-and-profession>
- [Government Financial Reporting Manual](#) (FReM)
- Fees and Charges Guide, [Chapter 6 of MPM](#);
- Departmental Banking: A Manual for Government Departments, [annex 5.6 of MPM](#);
- relevant Dear Accounting Officer letters;
- Regularity, Propriety and Value for Money,  
[https://webarchive.nationalarchives.gov.uk/20130102173401/http://www.hm-treasury.gov.uk/psr\\_governance\\_valueformoney.htm](https://webarchive.nationalarchives.gov.uk/20130102173401/http://www.hm-treasury.gov.uk/psr_governance_valueformoney.htm)
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration <https://www.ombudsman.org.uk/sites/default/files/page/0188->

[Principles-of-Good-Administration-bookletweb.pdf](#)

- Consolidation Officer Memorandum, and relevant DCO letters;
- relevant Freedom of Information Act guidance and instructions (Ministry of Justice);
- [Model Code for Staff of Executive Non Departmental Public Bodies.](#)
- other relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts;
- other relevant instructions and guidance issued by the central Departments;
- specific instructions and guidance issued by the sponsor Department;
- recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and relevant to the NDPB.



## APPENDIX 2

### THE PENSIONS REGULATOR – DELEGATED SPENDING AUTHORITIES FROM MARCH 2019

(All delegated limits quoted are exclusive of VAT, even if the spend attracts VAT)

Detailed guidance on the operation and requirements for the Cabinet Office controls is available at: <https://www.gov.uk/government/publications/cabinet-office-controls>

| Nature of delegation  | Delegated limit   |
|---|---|
| All projects and programmes; and announcements and policy proposals with a defined lifetime<br><br>Resource and capital | TPR has delegated authority for spend up to £50 million whole life cost. This also applies to the renewal of existing Projects and Programmes where significant changes are being proposed.   |
| Administration Expenditure – General  | TPR has full delegated authority to incur expenditure on administration with the exception of any areas considered to be novel or contentious and the specific areas identified below.  |
| Technology services and Digital Service Delivery  | TPR must record all existing and future digital and technology spend regardless of spend amount in a pipeline document which should be submitted, including nil returns, on an agreed basis to Cabinet Office copied to DWP.<br><br>Cabinet Office will ratify and approve digital pipeline and confirm which category (assure, monitor, control) projects fall under.<br><br>For ID assurance there is no delegated authority.<br><br>More information is available at <a href="https://www.gov.uk/guidance/digital-and-technology-spend-controls-version-5">https://www.gov.uk/guidance/digital-and-technology-spend-controls-version-5</a> . |
| Marketing, Advertising & Communications   | Cabinet Office approval is required for each campaign or programme of communications activity spend above £100,000 a year, following prior approval of the DWP Director of Communications and the relevant DWP minister.<br><br>Examples of expenditure include advertising, marketing (e.g. design and branding, market research and merchandising), paid for evaluation, design printing and distribution of new or changed leaflets and events and conferences. This is not a complete list, so if you're unsure if your activity needs to go through the process, email the ALB Partnership Division for advice.                            |

|   |   |
|---|---|
|   | <p>More information is available at <a href="https://www.gov.uk/guidance/advertising-marketing-and-communications-spend-controls">https://www.gov.uk/guidance/advertising-marketing-and-communications-spend-controls</a></p>   |
| Property including Facilities Management  | <p>TPR must seek approval for rental expenditure above £100,000 during the life of the lease commitment. Approval must also be sought for all new and extended FM contracts, regardless of financial commitment.</p> <p>More information is available at <a href="https://www.gov.uk/guidance/property-and-facilities-management-fm-spend-controls">https://www.gov.uk/guidance/property-and-facilities-management-fm-spend-controls</a></p>  |
| Commercial Control and dispute disclosure | <p>Approval must be sought for new expenditure, contract extension, or material changes to services resulting in major contract variation, with a value of £10 million or over, or any dispute with a strategic supplier. More information is available at <a href="https://www.gov.uk/guidance/commercial-spend-controls-version-5">https://www.gov.uk/guidance/commercial-spend-controls-version-5</a></p>  |
| Consultancy                               | <p>TPR must submit a request for all proposed consultancy expenditure of £1 million or above in a single transaction, irrespective of contract length.</p> <p>Approval to be sought via CD <a href="mailto:professional.services@dwp.gov.uk">professional.services@dwp.gov.uk</a></p>   |
| <b>Nature of delegation</b>               | <b>Delegated limit</b>  |
| External recruitment                      | <p>Sign-off of essential external recruitment is delegated to the TPR Chief Executive, which includes:</p> <ul style="list-style-type: none"> <li>• Any new permanent recruitment;</li> <li>• Any new direct temporary recruitment (e.g. fixed-term appointments);</li> <li>• Any new indirect temporary recruitment (i.e. agency staff, interim managers, specialist contractors and all professional services, excluding consultancy which is subject to a separate control);</li> <li>• An inward secondment or loan from an external organisation; and</li> <li>• Extensions of existing temporary recruitment.</li> </ul> <p>Conditions attached to this delegation are that:</p> <ul style="list-style-type: none"> <li>• TPR will follow the normal internal recruitment process before moving to external recruitment;</li> <li>• you will only approve exceptions where there is an urgent need for front-line operational staff and/or the post is deemed business-critical;</li> <li>• TPR reports on all recruitment approvals quarterly to DWP and Cabinet Office with an accompanying narrative.</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>Any recruitment where the proposed salary limit (not including agency fees) £150K or above (excluding VAT) must be referred to the ALB Partnership Division, who will liaise with Ministers, the Cabinet Office, and Treasury as necessary.</li> </ul>  |
| Redundancy & compensation  | <p>All schemes must be approved by Cabinet Office, via the ALB Partnership Division. Any scheme that offers more than 100% of the standard tariff will need to show clear business reasons for doing so. Access to any ring-fenced expenditure will not normally be agreed by HM Treasury without Cabinet Office approval for the scheme.</p> <p>More information is available at <a href="https://www.gov.uk/guidance/redundancy-and-compensation-spend-controls">https://www.gov.uk/guidance/redundancy-and-compensation-spend-controls</a></p>  |
| Losses<br><br>(as defined by Managing Public Money – Annex 4.10 (MPM)) | <p>TPR Chief Executive can write off amounts owed to it for:</p> <ul style="list-style-type: none"> <li>A company going into liquidation or administration up to £10,000;</li> <li>In the case of debts considered not economic to pursue (after exhausting all debt recovery options in line with debt strategy), up to £10,000; and</li> <li>in all other cases a delegated authority limit of £1,000.</li> </ul> <p>With the exception in all cases that any area considered to be novel and contentious or repercussive requires HM Treasury approval.</p> <p>On agreeing this limit HM Treasury requires twice yearly, in September and March, an analysis on the number of cases written off by TPR. This should also include the value of each write off that has occurred. TPR should prepare and send this analysis to DWP.</p> <p>Losses above the delegated limits need HM Treasury approval. TPR should make a case to DWP in line with Managing Public Money.</p> |
| <b>Nature of delegation</b>  | <b>Delegated limit</b>   |
| Learning and Development   | <p>Approval for procurement of the following learning and development should be made through the Civil Service Learning (CSL) triage process:</p> <ul style="list-style-type: none"> <li>All generic L&amp;D that is not available on the CSL Portal (including further/higher education).</li> <li>All business specific or profession specific L&amp;D services over £10K, including contract extensions.</li> </ul>   |

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|  | <ul style="list-style-type: none"> <li>• Profession-specific training where the recipients are not within that profession.</li> </ul> <p>More information is available at <a href="https://www.gov.uk/guidance/learning-and-development-civil-service-learning-spend-controls">https://www.gov.uk/guidance/learning-and-development-civil-service-learning-spend-controls</a></p>   |
| Write offs to other Government departments | TPR has authority to write off amounts due from other Government departments to a value of £500 when all recovery options have been exhausted.  |
| Special Payments                           | <p>TPR has authority to approve payment of special ‘ex-gratia’ and ‘extra statutory’ payments arising from misdirection or official error, other than in cases having financial repercussions beyond DWP which require prior HM Treasury approval.</p> <p>Unless prior HM Treasury approval for alternative treatment is secured, ‘ex-gratia’ or extra-statutory payments will be made from within existing provision (e.g. to compensate for additional expense or by way of interest on delayed payments).</p> <p>Special payments greater than £5,000, or that exceed delegated authorities, <b>must</b> be referred to <a href="mailto:FINANCIAL.CONTROLANDPOLICYTEAM@DWP.GOV.UK">FINANCIAL.CONTROLANDPOLICYTEAM@DWP.GOV.UK</a> for FDG approval <b>before</b> an offer is made.</p> <p>All special severance payments must be referred to HM Treasury for approval, via the ALB Partnership Division. TPR does not have any delegated authority for these. These are payments in excess of or outside of statutory or contractual entitlements and are expected to be rare.</p> <p>TPR has delegated authority of £500 regarding all consolatory payments.</p> |
| Contingent Liabilities                     | <p>Any novel, contentious or repercussive contingent liabilities must receive HM Treasury approval, and all contingent liabilities above £3m must go through the checklist approval process explained in the following guidance.</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/635939/contingent_liability_approval_framework_guidance.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/635939/contingent_liability_approval_framework_guidance.pdf</a></p>   |

In addition, certain other types of spending always require HM Treasury approval:

- Spend on public private partnerships, which generally creates commitments beyond the current Spending Review period and requires complex contracting which is considered novel or contentious; and
- Spend on a complex or non-standard commercial model (e.g. joint venture) for a service or Business Process Outsourcing is considered as novel or contentious spend and any negotiations or legal disputes with government's strategic suppliers is considered as spending that could cause repercussions elsewhere in the public sector.

Notes:

1. Approval is required if spending falls outside one or more of the applicable delegated limits. Spending should be measured on a whole life cost basis except where this is not sensible, for example for on-going annual commitments.
2. This includes all new projects and proposals/announcements, even when they are part of a larger programme or payment that was provided for as part of a Spending Review or other HM Treasury written approval and that are not covered by prior written approval from HM Treasury. This also includes renewal of existing projects and programmes where significant changes are being proposed.
3. Costs are on current net present value accruals basis.
4. The cost is the sum of all payments committed to a body, organisation or individual from a single programme over its lifetime (i.e. costs should not be "unbundled" to fall below the delegation).